

November 30, 2005

Variable: Name, Address, City, State, ZIP

Dear North Dakota Public Employees Retirement System (NDPERS) Retiree Member:

We are writing to inform you of the NDPERS Retiree benefit changes that will impact you as a member in 2006.

Your monthly premium will decrease in 2006. The new monthly premium will be \$ *Variable X*, less any applicable retiree health credit.

The biggest question this year for all NDPERS Dakota Retirees is whether to enroll in Medicare Part D. As a member of the NDPERS Dakota Retiree Plan, you do not need to take action to enroll in Medicare Part D because NDPERS will automatically enroll you in MedicareBlue Rx, a Medicare Part D plan provided by Blue Cross Blue Shield of North Dakota.

Starting in 2006, the NDPERS Dakota Retiree Plan will provide you Medicare Part D benefits through MedicareBlue Rx and your premium payment will be adjusted accordingly. You will notice very little difference in your pharmacy benefits. You will continue to pay the same \$5 copayment and 15% coinsurance for formulary generic drugs and a \$15 copayment and 25% coinsurance for formulary brand drugs. Non-formulary drugs will continue to be covered, but with a \$25 copayment and 50% coinsurance amount. One significant change in your plan is that when your yearly out of pocket drug costs reach \$3,600, your new drug plan covers additional charges at a higher payment level. (Please see the enclosed Summary of Benefits for additional information on how your benefits work.)

To determine if a drug is covered under the formulary, you may access the web site at www.myrxassistant.com. When signing into this web site, you will need to indicate; **1) that your health plan is BCBS of North Dakota, 2) that your health plan type is MedicareBlue Rx, and 3) that your formulary list is the 3-Level formulary.** If necessary, you may call *Group MedicareBlue Rx* customer service at 1-877-838-3827, (TTY 1-800-693-3816).

If your current medication(s) is not on the formulary, we encourage you to consult with your physician as soon as possible to determine if one of the alternative formulary medications may be appropriate for you. By switching to one of the formulary alternatives, you will receive a greater level of coverage within the benefit plan design.

Blue Cross Blue Shield of North Dakota is providing Medicare Part D coverage under your pharmacy benefits with the NDPERS Dakota Retiree Plan. Because we are automatically enrolling you in Medicare Part D with the NDPERS Dakota Retiree Plan, we are required to inform you of your option to cancel your Medicare Part D coverage through the NDPERS Dakota Retiree Plan. If you choose to purchase Medicare Part D from another carrier, you will lose the option to maintain your health coverage (including Medicare Part D benefits) with the NDPERS Dakota Retiree Plan and would be prohibited from returning to this plan option in the future.

You have until December 15, 2005 to Opt-Out of your NDPERS Dakota Retiree Plan coverage in writing or by phone. To cancel your coverage in writing, please fill out the enclosed NDPERS Dakota Retiree Plan Opt-Out Notice and return it to: NDPERS Service Center, Blue Cross Blue Shield of North Dakota, 4510 13th Avenue S, Fargo, ND 58121-0001. To cancel your coverage by phone, please contact customer service at 701-282-1400 or toll-free 1-800-223-1704, (TTY/TDD 1-800-366-6888).

You can contact Medicare, 24 hours a day, 7 days a week for information on other Part D options by calling 1-800-MEDICARE, (1-800-633-4227), (TTY/TDD 1-877-486-2048) or by going online at www.medicare.gov.

Enclosed are the Group MedicareBlue Rx Summary of Benefits and the Opt-out Form. If you have any questions, or to get more information about MedicareBlue Rx, please contact your NDPERS Service Center Representative, Monday through Friday, 8:00 a.m. to 5:00 p.m. CST at 701-282-1400 or toll-free 1-800-223-1704, (TTY/TDD 1-800-366-6888).

Sincerely,

Larry Brooks
Manager, Consulting Services Unit
Blue Cross Blue Shield of North Dakota

Information about my enrollment in Medicare Part D:

By enrolling in Group MedicareBlue Rx, I understand the following:

- 1) Group MedicareBlue Rx is a Medicare Prescription Drug Plan with a Medicare contract. Group MedicareBlue Rx coverage is provided by Blue Cross Blue Shield of North Dakota*.
- 2) Group MedicareBlue Rx is a Medicare Prescription Drug Plan and is in addition to my coverage under Medicare; therefore, I will need to keep my Medicare coverage. It is my responsibility to inform Group MedicareBlue Rx of any prescription drug coverage that I have or may get in the future. I can only be in one Medicare Prescription drug plan at a time. Enrollment in this plan is generally for the entire year.
- 3) Unless I opt out by December 15, 2005 my enrollment in Group MedicareBlue Rx will be effective January 1, 2006. I understand that Group MedicareBlue Rx will send me final approval of my enrollment in the plan.
- 4) I may disenroll from Group MedicareBlue Rx only at certain times of the year, or under certain special circumstances by sending a request to MedicareBlue Rx or by calling 1-800 –MEDICARE. TTY/TDD users should call 1-877-486-2048.
- 5) Once I am a member of Group MedicareBlue Rx, I have the right to appeal Group MedicareBlue Rx decisions about payment or services if I disagree. I will read the Evidence of Coverage document from Group MedicareBlue Rx when I receive it to know which rules I must follow in order to receive coverage with this Group MedicareBlue Rx.
- 6) By joining this Medicare Prescription Drug Plan, I acknowledge that Group MedicareBlue Rx will release my information to Medicare and other plans as is necessary for treatment, payment and health care operations.
- 7) If I obtain prescriptions outside the Group MedicareBlue Rx network, in most cases, I will be subject to out-of-network copayments or coinsurances.

* Independent licensee of the Blue Cross and Blue Shield Association.